

Treasury Board

Annual Report 2006-2007

Alberta



Treasury Board

Annual Report 2006-2007

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

The annual report of the Government of Alberta released June 21, 2007 contains the Minister of Finance's accountability statement and the consolidated financial statements of the Province. The *Measuring Up* report released June 28, 2007 provides a comparison of the actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Treasury Board contains the President of Treasury Board's accountability statement and the audited financial statements of the ministry set out in the ministry's business plan. This ministry's annual report also includes other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2007 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 7, 2007, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

A handwritten signature in black ink, appearing to read "L.S." followed by a cursive line.

Lloyd Snelgrove
President of Treasury Board

Message from the President of Treasury Board

This past year marked a major turning point for the Government of Alberta. With a new premier elected in December, Albertans saw a restructuring of government that included the establishment of the new Ministry of Treasury Board. As President of Treasury Board, I am honoured to present this 2006-07 annual report.

The Ministry of Treasury Board was created in December 2006 to address many of the challenges that have emerged from Alberta's economic boom and unprecedented growth. Premier Stelmach established the ministry to address capital pressures around the province and help ensure government programs are operating as effectively and efficiently as they can be.

The premier developed five priorities for this government. The work of the Ministry of Treasury Board is carried out under the umbrella of the following priorities:

- Govern with integrity and transparency
- Manage growth pressures
- Improve Albertans' quality of life
- Build a stronger Alberta
- Provide safe and secure communities

This ministry has a particular focus on governing with integrity and transparency and managing growth pressures. As President of Treasury Board, my specific priorities as outlined by the premier are to:

- establish the Ministry of Treasury Board to provide a coordinated and disciplined approach to managing government spending and capital planning,
- develop a long-term strategic capital plan, and
- explore alternative financing for capital projects.

To achieve these goals, the government brought together capital planning, spending management, internal audit, and government accountability responsibilities previously part of other ministries. We are working together to form one cohesive ministry.

We are also working with other ministries to manage spending and ensure government's plans for managing growth are sustainable. We have established the Strategic Capital Planning Division to put a more strategic emphasis on government's capital planning process, and the ministry is putting together the Alternative Capital Financing Office to lead the ongoing development of alternative capital financing of projects.

As we look towards the future, the Ministry of Treasury Board will continue to support government in meeting the needs and expectations of Albertans through strong fiscal management, strategic capital planning and enhanced accountability. This 2006-07 annual report represents our commitment to the future of Alberta.



*Lloyd Snelgrove
President of Treasury Board*

Management's Responsibility for Reporting

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

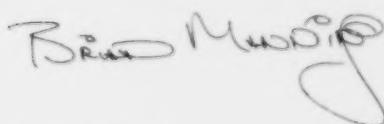
Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly updates and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the President of Treasury Board. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As deputy minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

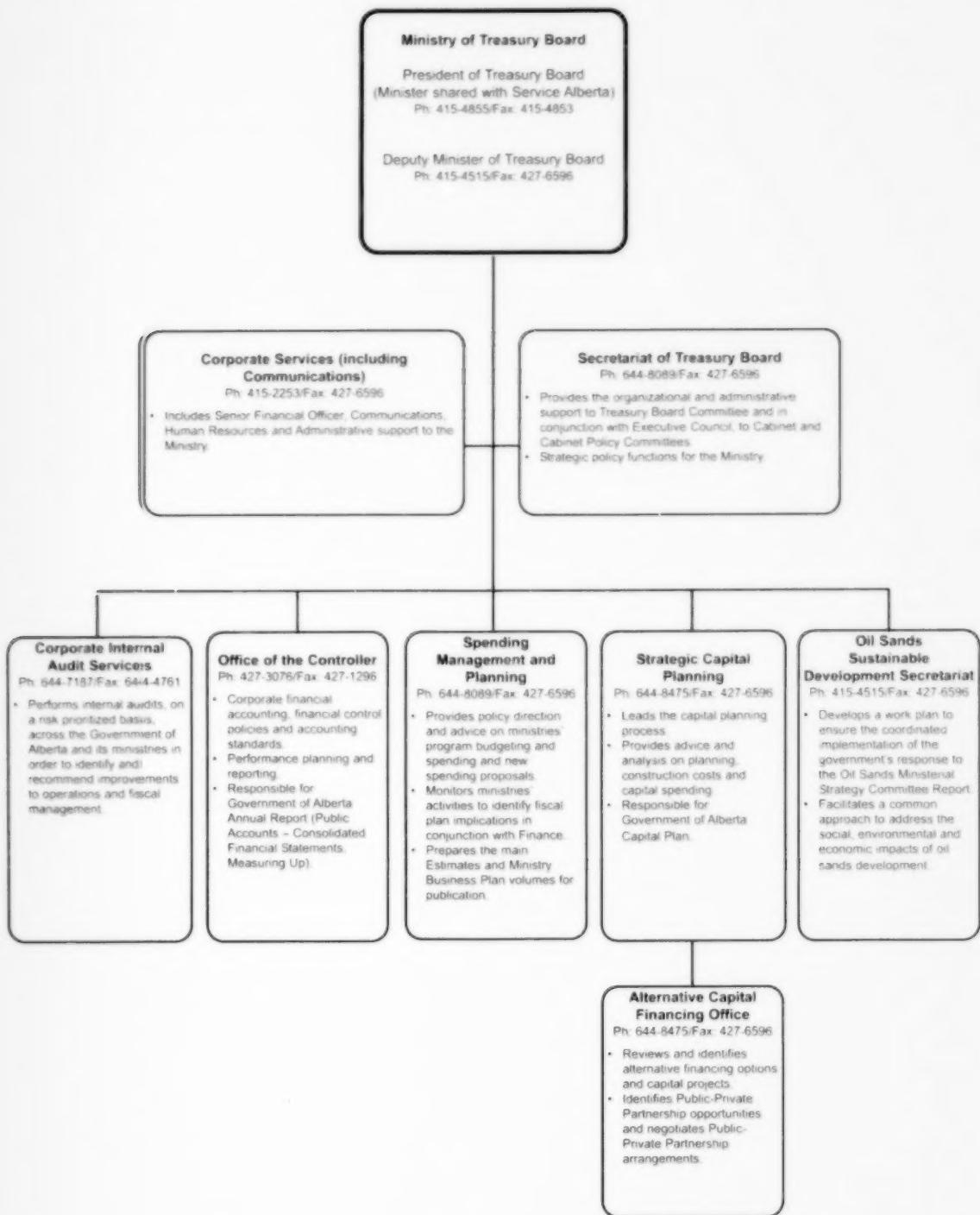
- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under ministry's administration,
- provide Executive Council, Treasury Board Committee, the Minister of Finance and the President of Treasury Board any information needed to fulfill their responsibilities, and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry I have relied, as necessary, on the executive of the individual entities within the ministry.



*Brian Manning
Deputy Minister of Treasury Board*

Organizational Chart



Operational Overview

The Ministry of Treasury Board was established in December 2006 to provide a coordinated and disciplined approach to managing government spending. The ministry is also responsible for leading government's capital planning process, providing advice and analysis on planning, construction costs and capital spending.

The Ministry of Treasury Board consists of the department of Treasury Board, which includes seven divisions. Some of the responsibilities of these divisions were previously held by Executive Council, Finance and Infrastructure and Transportation as demonstrated below:

Ministry	Program Changes	Previous Location
Treasury Board	Controller (except Investment and Debt Accounting), Budget and Business Planning, and Performance Management	Finance
	Corporate Internal Audit Services	Executive Council
	Private-Public Partnerships and Capital Plan	Infrastructure and Transportation

The Ministry of Treasury Board carries out three core businesses.

Core Business 1: Financial management

Through this core business, the Ministry of Treasury Board works towards the goal of ensuring a financially strong, sustainable and accountable government. The following divisions are responsible for some tasks that were previously undertaken in the Ministry of Finance.

Spending Management and Planning

The Spending Management and Planning division provides advice and recommendations to Treasury Board Committee, Cabinet and Cabinet Policy Committees on ministry program spending. This division finalizes the Government Estimates as part of the government's accountability framework.

Office of the Controller

The Office of the Controller is responsible for government accounting standards and financial reporting, financial management and control policies and performance planning and reporting.

Secretariat of Treasury Board

The Secretariat of Treasury Board provides organizational and administrative support to Treasury Board Committee and, in conjunction with Executive Council, to Cabinet and Cabinet Policy Committees. It also provides strategic policy advice to the Ministry of Treasury Board. This division also holds responsibilities that fall under core business 2.

Oil Sands Sustainable Development Secretariat

The Oil Sands Sustainable Development Secretariat is responsible for coordinating and improving planning, communications and service delivery to the oil sands region. The Secretariat collaborates with ministries, industry, communities and stakeholders to facilitate a common approach to address the social, environmental and economic impacts of oil sands development. As well, the Secretariat is reviewing the economic feasibility of implementing the recommendations in the Radke Report, *Investing in Our Future: Responding to Rapid Growth in Oil Sands Development*.

Core Business 2: Partner with municipalities, boards and other government departments and agencies to plan infrastructure that meets local and government needs

Building and maintaining government-owned and supported infrastructure are priorities for government, and are the focus of this ministry's second core business. The Ministry of Treasury Board is committed to working with municipalities, boards and other government departments to address infrastructure pressures in Alberta. Prior to the recent restructuring, this responsibility belonged under Infrastructure and Transportation.

Strategic Capital Planning

The Strategic Capital Planning division is responsible for leading government's capital planning process, developing and managing the Capital Plan and providing advice and analysis on planning, construction costs and capital spending.

Alternative Capital Financing Office

The Alternative Capital Financing Office is a new division that identifies and analyzes alternatives for building and financing capital projects and negotiates public-private partnerships (P3s) where feasible on behalf of government.

Core Business 3: Provide centralized, internal audit services to government

Through this core business, the Ministry of Treasury Board identifies and recommends improvements to government's operations and fiscal management. Prior to the recent restructuring, this responsibility belonged under Executive Council.

Corporate Internal Audit Services

The Corporate Internal Audit Services division performs internal audits across government on a risk-prioritized basis. This division helps ministries achieve their goals by bringing a systematic, disciplined approach to evaluating and improving risk management, control and governance processes.

Results Analysis

Accomplishments by Core Business, Goal and Strategy

Core Business 1: Financial management¹

Goal 1 A financially strong, sustainable and accountable government.¹

Strategy 1.1 Ensure budget and capital planning processes are fully integrated to support decision-making.¹

Working with the Ministry of Finance, Treasury Board presented Budget 2007 operating and capital spending proposals from all government ministries to the Treasury Board Committee. The presentation was comprehensive, integrated budget and capital planning processes and reflected the fiscal plan implications.

Strategy 1.2 Continue to work on expanding the government reporting entity for reporting purposes, which could include health authorities, schools and post-secondary institutions.¹

In compliance with accounting standards, the Ministry of Treasury Board expanded the government reporting entity to include the financial results of schools, universities, colleges, technical institutes, regional health authorities and health boards commencing with the 2005-06 Public Accounts. The net assets of the Government of Alberta increased by \$3.679 million in 2006-07 (\$3.139 million in 2005-06) as a result of including the financial results from these organizations.

Core Business 2: Partner with municipalities, boards and other government departments and agencies to plan infrastructure that meets local and government needs²

Goal 2 Provide cross-ministry leadership and support to priority government programs and initiatives.²

Strategy 2.1 Lead the Government of Alberta's top priority, Building Infrastructure for Our Future, and coordinate prioritization of all capital needs that become part of future government Capital Plans.²

The Capital Plan provides a structured approach to funding capital projects, bringing sustainability and predictability to capital spending. To address the government's top priority of Building Infrastructure for Our Future, the Ministry of Treasury Board led the development of the Alberta government's 2007-10 Capital Plan by coordinating and prioritizing ministry capital project submissions from across government. The three-year \$18.2 billion Capital Plan was published in April 2007.

Strategy 2.2 With program ministries, redefine roles and responsibilities to implement the new governance model for implementing capital projects.²

On March 22, 2007, Gene Zwozdesky, MLA for Edmonton-Mill Creek was appointed chair of the Treasury Capital Planning Committee. The Ministers of Health and Wellness, Education, Advanced Education and Technology, and Infrastructure and Transportation are members of this Committee. The role of this Committee is to collect, coordinate and provide information and

¹ From Finance's 2006-09 Business Plan

² From Infrastructure and Transportation's 2006-09 Business Plan

recommendations to the President of Treasury Board that assist with the setting of capital priorities within the province's Capital Plan, including construction of new projects and maintenance of existing infrastructure. Treasury Capital Planning Committee will support Gene Zwozdesky in his new role as Associate Minister of Capital Planning announced in June 2007.

Strategy 2.3 Lead the ongoing development of the alternative capital financing policy.²

Strategy 2.4 Manage and deliver the alternative financing component of capital projects.²

Strategy 2.5 Manage the financing of capital requirements, including assessing the Government of Alberta's costs and risks of both traditional and alternative financing methods.¹

The Alternative Capital Financing Office, within the Ministry of Treasury Board, was established to lead the ongoing development of the alternative capital financing policy and to implement options to deliver and manage capital projects. Negotiations commenced with Partnerships BC to share knowledge relating to managing public-private partnerships (P3s), laying the groundwork for the signing of a Memorandum of Understanding with Partnerships BC in May 2007. In addition, this Office provided support and advice on the development of the Calgary Northeast Stoney Trail ring road P3 project, based on an assessment of the costs and risks associated with both traditional and alternative financing methods.

Core Business 3: Provide centralized, internal audit services to government³

Goal 3 Perform internal audits, on a risk-prioritized basis, across the Government of Alberta and its ministries in order to identify and recommend improvements to their operations and fiscal management.³

Strategy 3.1 Work with all ministries to develop an appropriate audit scope to cover the operation of ministries.³

Strategy 3.2 Meet all professional standards for the practice of internal auditing.³

Strategy 3.3 Recruit and retain staff with the skill set required to meet the mandate of Corporate Internal Audit Services.³

Strategy 3.4 Ensure the work of Corporate Internal Audit Services is designed to avoid duplication of the work conducted by the Office of the Auditor General.³

Corporate Internal Audit Services, within the Ministry of Treasury Board, consulted with senior officials and cross-government councils to develop a risk-based, three-year audit plan. During the transition to a risk-based auditing approach, Corporate Internal Audit Services researched, developed and implemented technical tools and a technical training plan based on the standards of the Institute of Internal Auditors. Recruitment was focused on hiring additional auditors experienced with the risk-based auditing approach. The risk-based audit plan of Corporate Internal Audit Services was coordinated with the Office of the Auditor General to avoid duplication of audit effort.

1 From Finance's 2006-09 Business Plan

2 From Infrastructure and Transportation's 2006-09 Business Plan

3 From Executive Council's 2006-09 Business Plan

Financial Results and Performance

Overview

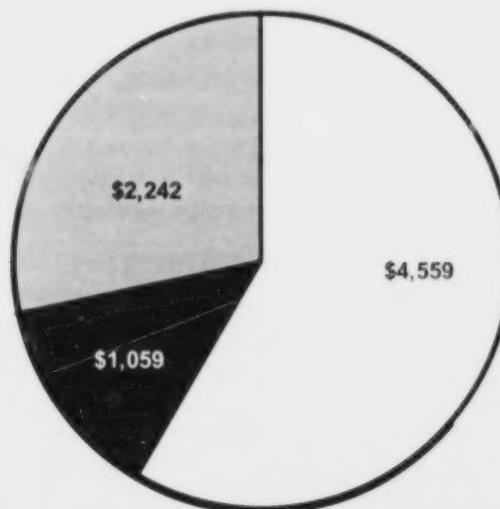
The Ministry of Treasury Board's financial statements are located on pages 14 to 26. Almost all of the ministry's expenses are represented under the function, General Government. The only exception to this is the Oil Sands Sustainable Development Secretariat, which incurred \$17,000 in 2006-07 and is represented under the Regional Planning and Development function.

The following table and chart set out the distribution of total ministry expenses by Core Business:

Core Businesses	2006-07 Budget	2006-07 Actual	2005-06 Actual
(in thousands)			
Financial Management	\$ 4,996	\$ 4,559	\$ 4,389
Partner with Municipalities, Boards and Other Government Departments and Agencies to Plan Infrastructure that meets Local and Government Needs	922	1,059	426
Provide Centralized, Internal Audit Services to Government	3,840	2,242	2,013
Total	\$ 9,758	\$ 7,860	\$ 6,828

Core Businesses – 2006-07 Actual

(in thousands)



Financial Management

Partner with Municipalities, Boards and Other Government Departments and Agencies to Plan Infrastructure that meets Local and Government Needs

Provide Centralized, Internal Audit Services to Government

Core Business 1: Financial management

Goal 1 A financially strong, sustainable and accountable government

Actual expenses for 2006-07 for this core business were \$437,000 less than budget, a variance of 8.8 per cent. This is primarily the result of the deferral of position recruitments until the split of the Ministry of Finance into the ministries of Treasury Board and Finance was finalized.

Actual expenses for 2006-07 for the Financial Management core business were \$170,000 or 3.9 per cent greater than the prior year. This increase results from the formation of ministry support services and secretariat support to Treasury Board Committee in December 2006 and the subsequent allocation of costs incurred by these areas to this and the other ministry's core businesses.

Core Business 2: Partner with municipalities, boards and other government departments and agencies to plan infrastructure that meets local and government needs

Goal 2 Provide cross-ministry leadership and support to priority government programs and initiatives

Actual expenses for 2006-07 for this core business exceeded budget by \$137,000 (15 per cent). This increase is primarily the result of additional manpower costs over and above that anticipated in the budget.

Actual expenses for 2006-07 exceeded actual expenses for 2005-06 by almost 150 per cent (\$633,000 increase). This reflects the increased focus on the Strategic Capital Plan of the government. The ministry invested more in this core business to further its objectives of developing a long-term comprehensive government Capital Plan, managing capital inflationary pressures, reporting and assessing price and scope changes and performance results, and developing other critical strategies in capital planning. This increase is also attributed to the establishment of ministry support services and secretariat support to Treasury Board Committee in 2006 and the allocation of these expenses to the ministry's core businesses.

Core Business 3: Provide centralized, internal audit services to government

Goal 3 Perform internal audits, on a risk-prioritized basis, across the Government of Alberta and its ministries in order to identify and recommend improvements to their operations and fiscal management

Actual expenses for 2006-07 were approximately \$1.6 million (41.6 per cent) less than budget. Spending in 2006-07 was less than anticipated as Corporate Internal Audit Services transitioned to a risk-based auditing approach. Also, although a new recruitment strategy was activated in 2006-07 to hire additional auditors with experience in risk-based auditing, the completion of this recruitment was not fully realized in accordance with the budget presentation.

Actual expenses for 2006-07 were \$229,000 (11.4 per cent) greater than actual expenses for 2005-06 and represent primarily inflationary increases from salary settlements and a share of expenses associated with ministry support services allocated to Corporate Internal Audit Services for the first time in 2006-07.

Performance Measures

As the Ministry of Treasury Board is new, performance measures for each of the core businesses have not been developed. The ministry will develop performance measures that indicate progress made towards meeting its goals and report these in future annual reports.

Forward-Looking Information

Albertans have high expectations of government. They expect government to keep pace with the growing need for services and infrastructure while at the same time keeping government spending in check. As the population and the economy continue to grow, the Ministry of Treasury Board will strive to balance this growth with fiscal responsibility.

As we move towards the future, the Ministry of Treasury Board will help establish budget and capital planning processes that go hand in hand. The ministry will ensure that government's plan for managing growth is sustainable and, as part of this, will lead a review of government programs to identify opportunities for more effective spending.

The Ministry of Treasury Board takes the lead in capital planning, but it must be a shared process to meet local and other ministries' needs. The ministry will work with municipalities, boards and other government departments and agencies to take a strategic approach to capital planning and lead the ongoing development of alternative capital financing of projects. Public-private partnerships, for example, may be considered when they demonstrate savings in costs and time.

With continued development in Alberta's oil sands, the ministry will support the Oil Sands Ministerial Strategy Committee with its role in addressing the challenges in communities affected by the growth in oil sands development. The new Oil Sands Sustainable Development Secretariat will collaborate with ministries, industries, communities and stakeholders to facilitate a common approach to address the social, environmental and economical impacts of ongoing development.

The future will bring more opportunities, more demands and more challenges for the Alberta government. All government ministries will need to keep pace with the changing needs of Albertans. To that end, Corporate Internal Audit Services will perform internal audits across government as a means to improve operations and fiscal management.

As well, the Office of the Controller will keep government's financial responsibilities in check, bringing an even greater focus on accountability while maintaining quality in areas such as accounting standards, performance and financial reporting and risk management.

As Alberta moves forward, and as the Government of Alberta continues to meet the growing expectations of Albertans, the Ministry of Treasury Board will support government in meeting these needs through strong fiscal management, strategic capital planning and enhanced accountability. The Ministry of Treasury Board is geared to addressing challenges that will emerge in the future, while balancing growth with fiscal responsibility.

MINISTRY OF TREASURY BOARD

Financial Statements

Year ended March 31, 2007

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Auditor's Report

To the Members of the Legislative Assembly

I have audited the statements of financial position of the Ministry of Treasury Board as at March 31, 2007 and 2006 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 18, 2007



Fred T. Dunn FCA
Auditor General

MINISTRY OF TREASURY BOARD
Statement of Operations

Year ended March 31, 2007

	2007		2006
	Budget	Actual	Actual
	(Schedule 2)		(Restated Note 3)
(in thousands)			
Revenues			
Other Revenue	\$ -	\$ -	\$ 27
	<hr/>	<hr/>	<hr/>
Expenses - Directly Incurred (Note 2b and Schedule 5)			
Voted (Schedules 1 and 2)			
Ministry Support Services	785	414	-
Secretariat of Treasury Board	121	267	121
Oil Sands Sustainable Development Secretariat	-	17	-
Corporate Internal Audit Services	3,652	2,238	2,097
Office of the Controller	1,897	1,909	1,818
Spending Management and Planning	2,647	2,265	2,530
Strategic Capital Planning	656	703	361
Alternative Capital Financing Office	-	5	-
	<hr/>	<hr/>	<hr/>
	9,758	7,818	6,927
Statutory (Schedules 1 and 2)			
Valuation Adjustments			
Provision (Decrease) for Vacation Pay	-	42	(99)
	<hr/>	<hr/>	<hr/>
	-	42	(99)
Net Operating Results	<hr/>	<hr/>	<hr/>
	\$ (9,758)	\$ (7,860)	\$ (6,801)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TREASURY BOARD
Statement of Financial Position

As at March 31, 2007

	2007	2006
	(Restated Note 3)	
	(in thousands)	
Assets		
Accounts Receivable	\$ 268	\$ -
	<u>\$ 268</u>	<u>\$ -</u>
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,612	\$ 1,133
	<u>1,612</u>	<u>1,133</u>
Net Liabilities		
Net Liabilities at Beginning of Year	(1,133)	(882)
Net Operating Results	(7,860)	(6,801)
Net Transfer from General Revenues	7,649	6,550
Net Liabilities at End of Year	<u>(1,344)</u>	<u>(1,133)</u>
	<u>\$ 268</u>	<u>\$ -</u>

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TREASURY BOARD
Statement of Cash Flows

Year ended March 31, 2007

	2007	2006
	(Restated Note 3)	
	(in thousands)	
Operating Transactions		
Net Operating Results	\$ (7,860)	\$ (6,801)
Non-cash items included in Net Operating Results		
Valuation Adjustments	42	(99)
	(7,818)	(6,900)
(Increase) Decrease in Accounts Receivable	(268)	234
Increase in Accounts Payable and Accrued Liabilities	437	116
Cash (applied to) Operating Transactions	(7,649)	(6,550)
Financing Transactions		
Net Transfer from General Revenues	7,649	6,550
Increase (decrease) in Cash	-	-
Cash, Beginning of Year	-	-
Cash, End of Year	\$ -	\$ -

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TREASURY BOARD

Notes to the Financial Statements

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Treasury Board operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry of Treasury Board was established to provide a coordinated and disciplined approach to the management of government spending and capital planning. It promotes an open, accountable and fiscally responsible government by ensuring disciplined spending, sound financial policies and practices, and open and accountable financial management and performance reporting.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Ministry of Treasury Board for which the President of Treasury Board is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the President is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 5.

Note 2 – Summary of Significant Accounting Policies and Reporting Practices (cont'd)**Assets**

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals. Accounts receivable reported by the Ministry are unsecured and non-interest bearing.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 3 GOVERNMENT REORGANIZATION AND PROGRAM TRANSFER**Government Reorganization**

The Ministry of Treasury Board was established as a result of restructuring of government ministries announced on December 13, 2006 and other transfers of responsibilities to and from other ministries. Comparatives for 2006 have been restated as if the Ministry had always been assigned with its current responsibilities. Net liabilities on March 31, 2005 is made up as follows:

	(in thousands)
Net assets (liabilities) as previously reported	\$ 0
Transfer from Ministry of Finance	(481)
Transfer from Ministry of Executive Council	(368)
Transfer from Ministry of Infrastructure and Transportation	(20)
Transfer from Ministry of Employment, Immigration and Industry	(13)
Net liabilities at March 31, 2005	<u>\$ (882)</u>

The costs of certain administrative functions are now the responsibility of the Ministry of Service Alberta. The Ministry of Service Alberta continues to provide the Ministry of Treasury Board with the services related to these administrative functions, but no consideration is exchanged. The comparatives in the Statement of Operations have been presented as if the current arrangement has always existed.

Note 3 – Government Reorganization and Program Transfer (cont'd)**Program Transfer**

Effective April 1, 2006, internal auditors that provided dedicated audit services to specific ministries were transferred to these ministries. Program expenses for Corporate Internal Audit Services for the year ending March 31, 2006 have been restated as if the Ministry had already transferred these dedicated audit services back to their respective ministries as follows:

	(in thousands)
Program expenses previously reported for Corporate Internal Audit Services	\$4,032
Less: Program expenses transferred to:	
Ministry of Children's Services	(528)
Ministry of Tourism, Parks, Recreation and Culture	(103)
Ministry of Health and Wellness	(67)
Ministry of Employment, Immigration and Industry	(611)
Ministry of Seniors and Community Supports	(626)
Restated program expenses for Corporate Internal Audit Services	<u>\$2,097</u>

NOTE 4 CONTRACTUAL OBLIGATIONS

	<u>2007</u>	<u>2006</u>
(in thousands)		
Service contracts	<u>\$ 35</u>	<u>\$ 12</u>

The aggregate amounts payable for the unexpired terms of these contractual obligations will be fulfilled in 2008.

NOTE 5 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$632 for the year ended March 31, 2007 (2006 – \$508).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765 (2005 – \$165,895) and the Public Service Pension Plan reported a surplus of \$153,024 (2005 – deficiency of \$187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$3,698 (2005 – \$10,018).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of \$153 (2006 – actuarial deficiency of \$8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$10,148 (2006 – \$8,309). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 6 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF TREASURY BOARD

Schedules to the Financial Statements**Schedule 1****Expenses - Directly Incurred Detailed by Object**

Year ended March 31, 2007

	2007		2006	
	Budget	Actual (in thousands)	Actual	Actual
Voted				
Salaries, Wages and Employee Benefits	\$ 7,671	\$ 6,307	\$ 5,403	
Supplies and Services	1,844	1,274	1,296	
Supplies and Services from Support Service				
Arrangements with Related Parties (a)	87	87	107	
Financial Transactions and Other	156	150	121	
	<u>\$ 9,758</u>	<u>\$ 7,818</u>	<u>\$ 6,927</u>	
Statutory				
Valuation adjustments				
Provision (Decrease) for Vacation Pay	\$ -	\$ 42	\$ (99)	

(a) The Ministry receives information technology services from the Ministry of Service Alberta.

Schedule 2

**Comparison of Expenses - Directly Incurred and Statutory Expenses
by Element to Authorized Budget**

Year ended March 31, 2007

	2006-2007 Estimates	Authorized Supplementary	2006-2007	2006-2007 Actual (a)	Unexpended			
			Authorized Budget		(Over Expended)			
(in thousands)								
Voted Expenses:								
Ministry Support Services								
1.0.1 Office of Treasury Board	\$ 400	\$ -	\$ 400	\$ 265	\$ 135			
1.0.2 Corporate Services								
1.0.2.1 Corporate Services	350	-	350	141	209			
1.0.3 Cabinet Policy Committee on Government Services								
	35	-	35	8	27			
	785	-	785	414	371			
 Secretariat of Treasury Board								
2.0.1 Secretariat of Treasury Board								
	121	-	121	267	(146)			
 Oil Sands Sustainable Development Secretariat								
3.0.1 Oil Sands Sustainable Development Secretariat								
	-	-	-	17	(17)			
 Corporate Internal Audit Services								
4.0.1 Corporate Internal Audit Services								
	3,652	-	3,652	2,238	1,414			
 Office of the Controller								
5.0.1 Office of the Controller								
	1,897	-	1,897	1,909	(12)			
 Spending Management and Planning								
6.0.1 Spending Management and Planning								
	2,647	-	2,647	2,265	382			
 Strategic Capital Planning								
7.0.1 Strategic Capital Planning								
	656	-	656	703	(47)			
 Alternative Capital Financing Office								
8.0.1 Alternative Capital Financing Office								
	-	-	-	5	(5)			
	\$ 9,758	\$ -	\$ 9,758	\$ 7,818	\$ 1,940			
 Statutory Expenses:								
Valuation Adjustments								
	\$ -	\$ -	\$ -	\$ 42	\$ (42)			

(a) Includes achievement bonus amounting to \$463.

Schedule 3**Salary and Benefits Disclosure**

Year ended March 31, 2007

	2007					2006
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾		Total	Total
Senior Officials						
Deputy Minister ⁽⁴⁾⁽⁶⁾	\$ 51,500	\$ 11,250	\$ 13,371	\$ 76,121	-	
Controller ⁽⁵⁾	141,039	23,381	33,570	197,990	198,517	
Executives						
Assistant Deputy Minister - Secretariat of Treasury Board ⁽⁶⁾	11,893	1,119	3,143	16,155	-	
Assistant Deputy Minister - Spending Management and Planning ⁽⁶⁾	23,624	3,544	6,545	33,713	-	
Assistant Deputy Minister - Strategic Capital Planning ⁽⁶⁾	31,004	6,075	8,880	45,959	-	
Chief Internal Auditor ⁽⁷⁾	134,664	20,200	31,371	186,235	87,203	
Senior Financial Officer ⁽⁶⁾	25,816	3,774	8,475	38,065	-	

Prepared in accordance with Treasury Board Directive 12/98 as amended.

- (1) Base salary includes regular base pay.
- (2) Other cash benefits include bonuses, vacation payouts, overtime and lump sum payments and are prorated for the period of time the incumbent is appointed to this position in the Ministry of Treasury Board.
- (3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans and professional memberships.
- (4) Automobile provided, no dollar amount included in other non-cash benefits.
- (5) An Acting Controller carried out the responsibilities of this position from February 27, 2006 to September 30, 2006.
- (6) Position created subsequent to the Government reorganization in December, 2006.
- (7) The position was vacant from July 1, 2005 to February 12, 2006.

Related Party Transactions

Year Ended March 31, 2007

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2007	2006
	(in thousands)	
Receivable from other Government ministries	\$ 267	\$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 5.

	Other Entities	
	2007	2006
	(in thousands)	
Expenses - Incurred by Others		
Accommodation	\$ 215	\$ 184
Legal	19	9
Other Services	169	129
	\$ 403	\$ 322

Allocated Costs

Year Ended March 31, 2007

Program	2007						2006	
	Expenses - Incurred by Others			Valuation Adjustments			Pay	Expenses
	Accommodation	Other Services ⁽³⁾	Legal Services ⁽⁴⁾	Vacation				
(in thousands)								
Program	Expenses ⁽¹⁾	Costs ⁽²⁾	Other Services ⁽³⁾	Legal Services ⁽⁴⁾			Pay	Expenses
Ministry Support Services	\$ 414	\$ -	\$ 9	\$ -	\$ 61	\$ 484	\$ -	\$ -
Secretariat of Treasury Board	267	4	4	-	10	285	-	121
Oil Sands Sustainable Development Secretariat	17	-	-	-	-	-	17	-
Corporate Internal Audit Services	2,238	50	-	-	(113)	2,175	2,039	
Office of the Controller	1,909	66	64	19	(27)	2,031	1,939	
Spending Management and Planning	2,265	87	84	-	19	2,455	2,685	
Strategic Capital Planning	703	8	8	-	92	811	366	
Alternative Capital Financing Office	5	-	-	-	-	5	-	
	\$ 7,818	\$ 215	\$ 169	\$ 19	\$ 42	\$ 8,263	\$ 7,150	

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(2) Costs shown for Accommodation on Schedule 4, allocated by square footage.

(3) Costs shown for Other Services on Schedule 4.

(4) Costs shown for Legal Services on Schedule 4, allocated by estimated costs incurred by each program.

Alphabetical List of Entities' Financial Statements In Ministry 2006-07 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Access to the Future Fund ¹	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund ²	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation ³	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
ATB Insurance Advisors Inc. ⁴	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Credit Union Deposit Guarantee Corporation	Finance

¹ Established July 10, 2005.

² Proclaimed May 31, 2006.

³ Incorporated December 16, 2005.

⁴ Incorporated July 12, 2006.

Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Oids College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry ⁵	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment ⁵	Environment
Ministry of Executive Council ⁵	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation ⁵	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations ⁵	International, Intergovernmental and Aboriginal Relations
Ministry of Justice ⁵	Justice
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing

⁵ Ministry includes only the departments so separate departmental financial statements are not necessary.

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency

Ministry of Seniors and Community Supports
Ministry of Service Alberta⁵
Ministry of Solicitor General and Public Security
Ministry of Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board⁵
N.A. Properties (1994) Ltd.
Natural Resources Conservation Board
Persons with Developmental Disabilities Community Boards:
 Calgary Region Community Board
 Central Region Community Board
 Edmonton Region Community Board
 Northeast Region Community Board
 Northwest Region Community Board
 South Region Community Board
Persons with Developmental Disabilities Provincial Board⁶
Provincial Judges and Masters in Chambers Reserve Fund
Regional Health Authorities and Provincial Health Boards:
 Alberta Cancer Board
 Alberta Mental Health Board
 Aspen Regional Health Authority
 Calgary Health Region
 Capital Health
 Chinook Regional Health Authority
 David Thompson Regional Health Authority
 East Central Health
 Health Quality Council of Alberta⁷
 Northern Lights Health Region
 Peace Country Health
 Palliser Health Region
Safety Codes Council
School Boards and Charter Schools:
 Almadina School Society
 Aspen View Regional Division No. 19
 Aurora School Ltd.
 Battle River Regional Division No. 31
 Black Gold Regional Division No. 18
 Boyle Street Education Centre
 Buffalo Trail Public Schools Regional Division No. 28
 Calgary Arts Academy Society
 Calgary Girls' School Society
 Calgary Roman Catholic Separate School District No. 1
 Calgary School District No. 19
 Calgary Science School Society
 Canadian Rockies Regional Division No. 12
 CAPE-Centre for Academic and Personal Excellence Institute
 Chinook's Edge School Division No. 73

Ministry Annual Report

Seniors and Community Supports
Service Alberta
Solicitor General and Public Security
Sustainable Resource Development
Tourism, Parks, Recreation and Culture
Treasury Board
Finance
Sustainable Resource Development
Seniors and Community Supports

Seniors and Community Supports
Finance
Health and Wellness

⁵ Ministry includes only the departments so separate departmental financial statements are not necessary.

⁶ Ceased operations June 30, 2006.

⁷ Established July 1, 2006.

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency

Ministry Annual Report

Christ the Redeemer Catholic Separate Regional Division No. 3	Education
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	

Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Westmount Charter School Society	
Westwind School Division No. 74	Education
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	Finance
Wolf Creek School Division No. 72	Advanced Education and Technology
Supplementary Retirement Plan Reserve Fund	
Technical Institutes and The Banff Centre:	
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities:	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

Entities Not Included in the Consolidated Government Reporting Entity

<i>Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Foundation for Health Research	
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Advanced Education and Technology
Improvement Districts' Trust Account	Education
Local Authorities Pension Plan	Municipal Affairs and Housing
Long-Term Disability Income Continuance Plan – Bargaining Unit	Finance
Long-Term Disability Income Continuance Plan – Management,	Service Alberta
Opted Out and Excluded	
Management Employees Pension Plan	Service Alberta
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry





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